

44-7-504

TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST  
AND REVOLVING LOAN  
OF THE CITY OF LAPEER, MICHIGAN  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
AND  
INDEPENDENT AUDITORS' REPORT



Layton & Richardson, P.C.  
Certified Public Accountants

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <i>City of Lapeer Tax Increment Financing Authority</i>	County <i>Lapeer</i>
Audit Date <i>6/30/04</i>	Opinion Date <i>October 18, 2004</i>	Date Accountant Report Submitted to State: <i>December 16, 2004</i>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the report of comments and recommendations

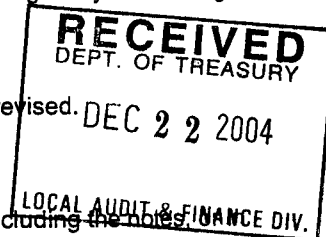
You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>		
Reports on individual federal financial assistance programs (program audits).			<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).			<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) <i>Lovison &amp; Richardson P.C.</i>			
Street Address <i>1000 Coolidge Rd</i>	City <i>East Lansing</i>	State <i>Mi</i>	ZIP <i>48823</i>
Accountant Signature <i>Arthur Cranch</i>			



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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commissioners  
City of Lapeer  
Lapeer, Michigan

We have audited the accompanying basic financial statements of the governmental activities and the business-type activities of the TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST, AND REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN as of and for the year ended June 30, 2004. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basis financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and business-type activities of the Tax Increment Finance Authorities #1, #2, #3, #4, Trust, and Revolving Loan Fund of the City of Lapeer, Michigan, as of June 30, 2004, and the results of its operations for the year then ended, in conformity with the U.S. generally accepted accounting principles.

As described in Note 2, the Entity adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*; Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments*; Statement No. 36, *Recipient for Certain Shared Nonexchange Revenues*; Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2002. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2004, on our consideration of the Tax Increment Finance Authorities #1, #2, #3, #4, Trust, and Revolving Loan Fund of the City of Lapeer, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis listed in the table of contents on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standard Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Tax Increment Finance Authorities #1, #2, #3, #4, Trust, and Revolving Loan Fund of the City of Lapeer, Michigan's basic financial statements. The introductory section and the individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on it.

*Rayton & Richardson, P.C.*  
Certified Public Accountant

October 18, 2004  
East Lansing, Michigan

## Management's Discussion and Analysis

Our discussion and analysis of the Tax Increment Finance Authority of the City of Lapeer's financial performance provides an overview of the Tax Increment Finance Authority's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the Tax Increment Finance Authority's financial statements.

### FINANCIAL HIGHLIGHTS

- Provided funding for Demille Boulevard debt service in the amount of \$312,225.
- Provided funding for M-24/Demille Intersection Improvements at a cost of \$238,012.
- Provided funding for purchase of land for the Lapeer Optimist Soccer Field's in the amount of \$171,500.
- Provided an operational subsidy to the Community Center of \$112,542.
- Provided funding for the Prairies and Ponds project in the amount of \$73,530.
- Provided funding for McCormick Street Special Assessment in the amount of \$45,876.
- Purchased equipment for the Community Center in the amount of \$20,698.
- Provided funding for a Park Building at a cost of \$57,570.
- Provided funding for the Oakdale operations at a cost of \$113,223 and funding was also provided for the debt payment for the roof replacement in the amount of \$26,816.
- Provided funding for the Depot Historic Preservation project in the amount of \$19,756.
- Provided funding for Park Improvements at Rowden Park in the amount of \$10,020.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Tax Increment Finance Authority as a whole and present a longer-term view of the Tax Increment Finance Authority's finances. Fund financial statements provide more detailed information about the Tax Increment Finance Authority's funds- not the Tax Increment Finance Authority as a whole. These statements tell how these services were financed in the short term as well as what remains for future spending.

#### Reporting the Tax Increment Finance Authority as a Whole

One of the most important questions asked about the Tax Increment Finance Authority's finances is, "Is the Tax Increment Finance Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Tax Increment Finance Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Tax Increment Finance Authority's *net assets* and changes in them. You can think of the Tax Increment Finance Authority's net assets – the difference between assets and liabilities – as one way to measure the Tax Increment Finance Authority's financial health, or *financial position*. Over time, *increases* or *decreases* in the Tax Increment Finance Authority's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Tax Increment Finance Authority's captured property tax base to assess the *overall health* of the Tax Increment Finance Authority:

In the Statement of Net Assets and the Statement of Activities, the Tax Increment Finance Authority is shown as a governmental activity while within the City of Lapeer's audit they are shown as a component unit:

- Governmental activities – The Tax Increment Finance Authority's services are reported here. Property taxes finance most of these activities.

### **Reporting the Tax Increment Finance Authority's Most Significant Funds**

The fund financial statements provide detailed information about the Tax Increment Finance Authority's funds. The Tax Increment Finance Authority's funds utilize the *governmental* accounting approach.

- *Governmental funds* – Most of the Tax Increment Finance Authority's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Tax Increment Finance Authority's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Tax Increment Finance Authority's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

### **THE TAX INCREMENT FINANCE AUTHORITY AS A WHOLE**

Table 1 was summarized from the Tax Increment Finance Authority Statement of Net Assets. The net assets of the Tax Increment Finance Authority decreased from \$2,990,704 to \$2,933,237, a decrease of \$57,467 or 1.9%. In the prior year the Tax Increment Finance Authority net assets increased from \$2,604,934 to \$2,990,704, an increase of \$385,770 or 14.8%.

Table 1  
Net Assets  
(In Millions)

	Governmental Activities <u>2004</u>	Governmental Activities <u>2003</u>
Current and other assets	\$ 2.3	\$ 2.9
Capital assets	<u>4.8</u>	<u>5.0</u>
Total assets	<u>7.1</u>	<u>7.9</u>
Long-term debt		
Outstanding	3.9	4.3
Other liabilities	<u>0.3</u>	<u>0.6</u>
Total liabilities	<u>4.2</u>	<u>4.9</u>
Net assets:		
Invested in capital assets,		
Net of debt	0.9	0.7
Restricted	0.0	0.0
Unrestricted (deficit)	<u>2.0</u>	<u>2.3</u>
Total net assets	<u>\$ 2.9</u>	<u>\$ 3.0</u>

### Governmental Activities

As stated previously, the net assets of the Tax Increment Finance Authority's governmental activities decreased by \$57,466.93 or 1.9%. Unrestricted net assets – the part of net assets that can be used to finance day –to –day operations without constraints established by debt covenants, enabling legislation, or other legal requirements-is recorded as a surplus of \$1,992,514.45.

Table 2 was summarized from the government-wide Statement of Activities. This table summarizes the government-wide program revenues, other revenues, and expenses of the Tax Increment Finance Authority.



Table 2  
Changes in Net Assets  
(In Millions)

	Governmental Activities <u>2004</u>	Governmental Activities <u>2003</u>
Revenues		
Program revenues:		
Charges for Services	\$ 0.0	\$ 0.0
Operating grants and contributions	0.0	0.0
General revenues:		
Property taxes	0.9	0.9
Other	<u>0.1</u>	<u>0.3</u>
Total Revenues	<u>1.0</u>	<u>1.2</u>
Expenses:		
General Government	\$ 0.2	\$ 0.2
Interest on long-term Debt	<u>0.3</u>	<u>0.3</u>
Total Expenses	<u>0.5</u>	<u>0.5</u>
Increase in net assets		
Before transfers	0.5	0.7
Transfers	<u>(0.6)</u>	<u>(0.3)</u>
Increase in Net Assets	(0.1)	0.4
Net assets, July 1	<u>3.0</u>	<u>2.6</u>
Net assets, June 30	<u><u>2.9</u></u>	<u><u>3.0</u></u>

Total revenue from all sources totaled \$1.0 million of which 92.3% or 923,357 is from property taxes. Other revenues consist of unrestricted investment earnings of \$17,184 and miscellaneous revenue of \$62,776. The Tax Increment Finance Authority also receives a transfer of captured taxes from the General Fund of the City of Lapeer in the amount of \$649,951. The Tax Increment Finance Authority captured the City of Lapeer millage rate of 8.7911 and the county operation millage of 3.8941 for this fiscal year. Additionally, due to the eligible obligation of the Tax Increment Finance Authority Revenue Bond which was issued to build the Community Center, the Tax Increment Finance Authority district #1 is able to capture 100.00% of the School Operating millage of 18 mills, the State Education millage of 5 mills, and the Intermediate School District combined millage of 3.0084. The district will continue to capture a percentage of these millages until the obligation has been paid. The percentage of capture will vary each year with the change in captured value and change in annual debt service payments.

The governmental activities of the Tax Increment Finance Authority had an expense of \$440,802 for the past fiscal year. Due to utilizing full accrual on the government-wide statements, the expenditures for capital assets including infrastructure are not recorded as expenses in the current year but are capitalized on the Statement of Net Assets and are depreciated over the useful life of the asset. Only the current year depreciation would be included as an expense. Additionally, the Tax Increment Finance Authority had transfers to the General Fund in the amount of \$1,944,018 for payment on their commitments to various projects which are managed by Tax Increment Finance Authority staff.

The \$440,802 for governmental activities along with the transfers of \$1,944,018 to the general fund of the City of Lapeer is funded from \$923,357 in property taxes. Additionally, the balance of this cost is funded from transfers from the City of Lapeer General Fund for captured taxes in the amount of \$649,951 and other revenues.

### **THE TAX INCREMENT FINANCE AUTHORITY'S FUNDS**

The Tax Increment Finance Authority District #1 received a total of \$931,860 in captured property taxes.

The Tax Increment Finance Authority District #1 expended funds on various projects this year which included the debt service for the Community Center for \$674,085, Community Center equipment for \$20,698, and Community Center operational subsidy of \$112,542, Lapeer Optimist Soccer Field's land purchase in the amount of \$171,500. M-24/Demille Blvd Intersection Improvements of \$134,765, and McCormick Street Resurfacing Special Assessment in the amount of \$13,793. Other expenses of the district include administration, legal, and audit fees of 19,797 and repairs and maintenance of \$430. Additionally, the district pays an administration fee to the City of Lapeer in the amount of \$40,392 for accounting services and project management.

The Tax Increment Finance Authority District #2 received a total of \$87,650 in captured property taxes.

The Tax Increment Finance Authority District #2 expended funds on various projects this year which included M-24/Demille Blvd Intersection Improvements of \$103,247, Park Building Replacement in the amount of \$57,570, McCormick Street Resurfacing Special Assessment in the amount of \$32,083, and Depot Historic Preservation project in the amount of \$19,756. Additionally, the district pays an administration fee to the City of Lapeer in the amount of \$17,055 for accounting services and project management.

The Tax Increment Finance Authority District #3 received a total of \$512,537 in captured property taxes.

The Tax Increment Finance Authority District #3 expended funds on various projects this year which included debt service on the Demille Boulevard General Obligation Bonds and Special Assessment in the amount of \$312,245, Oakdale operations cost of \$113,223 and the debt payment for the roof replacement at a cost of \$26,816, Prairies and Ponds project in the amount of \$73,530, and Demille Boulevard land use studies and wetland mitigation and monitoring at a cost of \$1,000. Other expenses of the district include administration, legal, and audit fees of \$813. Additionally, the district pays an administration fee to the City of Lapeer in the amount of \$5,052 for accounting services and project management. The funding for the Oakdale Operations and the debt payment for roof replacement all relates to Building 45 which is rented by Mott Community College. The Tax Increment Finance Authority District #3 has an agreement with the City of Lapeer to reimburse the cost of the 1998 General Obligation Bond and 1998 Special Assessment Bond from available captured tax revenues until full payment has been made. These bonds were issued to construct Demille Boulevard. The balance due from the district as of June 30, 2004 is \$227,637.06 and is included in the due to other funds on the Statement of Net Assets.

The Tax Increment Finance Authority District #4 received a total of \$23,015 in captured property taxes. The Tax Increment Finance Authority District #4 expended funds on various projects this year which included repair to the Linear Park Path in the amount of \$10,020. Additionally, the district pays an administration fee to the City of Lapeer in the amount of \$2,523 for accounting services and project management.

#### **Tax Increment Finance Authority Budgetary Highlights**

- The Tax Increment Finance Authority total budget did not change during the fiscal year, however the Tax Increment Finance Authority district #1 did transfer \$64,779 from its Planning for Future Projects account to the Community Center Account. These funds were provided as an additional subsidy for the Community Center operations.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### **Capital Assets**

The Tax Increment Finance Authority's investment in capital assets for its governmental activities as of June 30, 2004, amounts to \$4,824,883 (net of accumulated depreciation). This investment in capital assets includes land, buildings and machinery and equipment. The Tax Increment Finance Authority's investment in capital assets remained virtually unchanged from the prior fiscal year.

Major capital asset events during the current fiscal year included the following:

- Reimbursement to the City of Lapeer for the Lapeer Optimist Soccer Field's land purchase in the amount of \$171,500. This was funded from the TIFA #1 district.
- Reimbursement to the City of Lapeer for M-24/Demille Intersection Improvements project in the amount of \$238,012. This was funded from the TIFA #1 district in the amount of \$134,765 and the TIFA #2 district in the amount of \$103,247.

##### **Debt**

At year-end, the Tax Increment Finance Authority's total bonded debt outstanding was at \$3.9 million versus \$4.3 million last year – a decrease of \$445,000 or 10.3%- as shown in Table 3.

Table 3  
Outstanding Debt at Year-End  
(In Millions)

	Governmental Activities	
	<u>2004</u>	<u>2003</u>
Revenue bonds and notes (backed by specific tax and fee revenues)	<u>\$ 3.9</u>	<u>\$ 4.3</u>
Totals	<u>\$ 3.9</u>	<u>\$ 4.3</u>

The Tax Increment Finance Authority has the 1998 Tax Increment Financing Revenue Refunding Bond with the outstanding balance of \$3,880,000. The balance at the beginning of the fiscal year was \$4,325,000 which results in debt reduction of \$445,000 or 10.3%. On the financial statements this is shown net of the unamortized discount of \$45,840.

The Tax Increment Finance Authority's revenue bond rating continues to carry a BBB- rating. More detailed information about the Tax Increment Finance Authority's long-term liabilities is presented in Note 7 to the financial statements.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Inflationary trends in the region compare favorably to national indices.
- Projected captured taxable value as determined by the City Assessor.

These factors were considered in preparing the Tax Increment Finance Authority of Lapeer's budget for Fiscal Year 2004-2005.

The Tax Increment Finance Authority reviews its current budget to determine available fund balances to be appropriated for the new year budget. This along with the projected captured taxable value from the city assessor provides the basis of establishing the annual budget. Funds are appropriated based upon project recommendations made by the City of Lapeer staff to the Tax Increment Finance Authority Board. Funds not appropriated for specific projects are budgeted as "Planning for Future Projects". These funds can then be utilized to fund any project that may develop during the fiscal year or to provide additional funding to a project if actual costs were to exceed the budget.

#### **Requests for Information**

This financial report is designed to provide a general overview of the Tax Increment Finance Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lapeer, Director of Financial Services, 576 Liberty Park, Lapeer, MI 48446.

**TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND  
REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN**

**STATEMENT OF NET ASSETS**

JUNE 30, 2004

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Cash	\$ 1,049,033.81
Receivables	
Notes	219,182.02
Due from	
Other funds	6,196.11
Restricted assets	
Cash and investments	960,608.35
Fixed assets (net of accumulated depreciation)	<u>4,824,882.98</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>7,059,903.27</u></b>
 <b>LIABILITIES</b>	
Current liabilities	
Deposits payable	\$ 5,163.00
Due to	
Other funds	270,032.42
Accrued interest	17,310.42
Bonds and notes payable	500,000.00
Noncurrent liabilities	
Bonds and notes payable	<u>3,334,160.00</u>
<b>TOTAL LIABILITIES</b>	<b><u>4,126,665.84</u></b>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	940,722.98
Unrestricted	<u>1,992,514.45</u>
<b>TOTAL NET ASSETS</b>	<b><u>2,933,237.43</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>7,059,903.27</u></b>

See accompanying notes to financial statements.

**TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND  
REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004**

		PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
	EXPENSES		
<b>FUNCTIONS/PROGRAMS</b>			
Primary Government			
Governmental activities			
General government	\$ 207,767.29	\$	\$
Interest on long-term debt	233,035.00		
Total governmental activities	<u>\$ 440,802.29</u>		
General revenues			
Property taxes levied for general purposes			
Miscellaneous			
Unrestricted investment earnings			
Gain on sale of capital assets			
Transfers			
Total general revenues and transfers			
Change in net assets			
NET ASSETS, JULY 1			
NET ASSETS, JUNE 30			

See accompanying notes to financial statements.

PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
\$	\$ (207,767.29)	\$	\$ (207,767.29)
	(233,035.00)		(233,035.00)
	(440,802.29)		(440,802.29)
	923,356.97		923,356.97
	62,775.87		62,775.87
	17,184.06		17,184.06
	(619,981.54)		(619,981.54)
	383,335.36		383,335.36
	(57,466.93)		(57,466.93)
	2,990,704.36		2,990,704.36
\$	\$ 2,933,237.43	\$	\$ 2,933,237.43

**TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND  
REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

JUNE 30, 2004

	T.I.F.A. TRUST	T.I.F.A. #1	T.I.F.A. #2
<b>ASSETS</b>			
Cash in checking	\$ 449.14	\$ 549,203.87	\$ 423.05
Cash in savings	276,674.82	4,913.46	69,687.65
Notes receivable	180,000.00		
Due from other funds		992.47	227.62
	<u>457,123.96</u>	<u>555,109.80</u>	<u>70,338.32</u>
<b>RESTRICTED ASSETS</b>		<u>960,608.35</u>	
<b>TOTAL ASSETS</b>	<u>\$ 457,123.96</u>	<u>\$ 1,515,718.15</u>	<u>\$ 70,338.32</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Security deposit payable	\$ 5,163.00	\$ 31,396.72	\$ 5,556.59
Due to other funds			
<b>TOTAL LIABILITIES</b>	<u>5,163.00</u>	<u>31,396.72</u>	<u>5,556.59</u>
<b>FUND BALANCE</b>			
Unreserved	<u>451,960.96</u>	<u>1,484,321.43</u>	<u>64,781.73</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 457,123.96</u>	<u>\$ 1,515,718.15</u>	<u>\$ 70,338.32</u>

See accompanying notes to financial statements.



T.I.F.A. #3	T.I.F.A. #4	REVOLVING LOAN FUND	TOTAL GOVERNMENTAL FUNDS
\$ 2,803.89	\$ 557.93	\$ 120.75	\$ 553,558.63
28,891.93	36,686.05	78,621.27	495,475.18
		39,182.02	219,182.02
<u>4,976.02</u>			<u>6,196.11</u>
36,671.84	37,243.98	117,924.04	1,274,411.94
			<u>960,608.35</u>
<u>\$ 36,671.84</u>	<u>\$ 37,243.98</u>	<u>\$ 117,924.04</u>	<u>\$ 2,235,020.29</u>
\$ 233,079.11	\$	\$	\$ 5,163.00
<u>233,079.11</u>			<u>270,032.42</u>
			<u>275,195.42</u>
<u>(196,407.27)</u>	<u>37,243.98</u>	<u>117,924.04</u>	<u>1,959,824.87</u>
<u>\$ 36,671.84</u>	<u>\$ 37,243.98</u>	<u>\$ 117,924.04</u>	<u>\$ 2,235,020.29</u>

**TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND  
REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

Total fund balances-governmental funds		\$ 1,959,824.87
Amounts reported for governmental activities in the statement of net assets are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$6,657,450.46 and the accumulated depreciation is \$1,832,182.29		4,824,882.98
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of:		
Bonds payable	\$ (3,834,160.00)	
Accrued interest	<u>(17,310.42)</u>	<u>(3,851,470.42)</u>
<b>TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES</b>		<b>\$ <u>2,933,237.43</u></b>

See accompanying notes to financial statements.

**TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND  
REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2004**

	T.I.F.A. TRUST	T.I.F.A. #1	T.I.F.A. #2
REVENUES			
Property taxes	\$	\$ 724,263.02	\$ 27,268.33
Interest earnings	1,509.46	11,242.11	1,021.63
Rental income	62,775.87		
TOTAL REVENUES	<u>64,285.33</u>	<u>735,505.13</u>	<u>28,289.96</u>
EXPENDITURES			
Administration/attorney/audit		19,797.73	
Landscaping and lot maintenance	1,801.70		
Miscellaneous	6,030.92		
Repairs and maintenance	5,490.79	430.00	
Property taxes	7,309.87		
Debt service			
Principle retirement			
Interest and fiscal charges			
TOTAL EXPENDITURES	<u>20,633.28</u>	<u>20,227.73</u>	<u></u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>43,652.05</u>	<u>715,277.40</u>	<u>28,289.96</u>
OPERATING TRANSFERS IN (OUT)			
Summer property taxes		207,326.73	60,351.41
Train depot			(19,755.81)
City administration fee		(40,392.00)	(17,055.00)
Community center		(809,448.77)	
McCormick		(13,793.03)	(32,082.85)
Oakdale operations			
Park improvements			(57,570.18)
Soccer field		(171,500.00)	
M-24/DeMille Intersection		(134,764.67)	(103,246.79)
Prairies and Ponds			
DeMille Millville land use			
TOTAL OPERATING TRANSFERS IN (OUT)	<u></u>	<u>(962,571.74)</u>	<u>(169,359.22)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	43,652.05	(247,294.34)	(141,069.26)
FUND BALANCE, JULY 1	<u>408,308.91</u>	<u>1,731,615.77</u>	<u>205,850.99</u>
FUND BALANCE, JUNE 30	\$ <u><u>451,960.96</u></u>	\$ <u><u>1,484,321.43</u></u>	\$ <u><u>64,781.73</u></u>

See accompanying notes to financial statements.

T.I.F.A. #3	T.I.F.A. #4	REVOLVING LOAN FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
\$ 164,111.91 1,480.86	\$ 7,713.71 208.55	\$ 1,721.45	\$	\$ 923,356.97 17,184.06 62,775.87
<u>165,592.77</u>	<u>7,922.26</u>	<u>1,721.45</u>		<u>1,003,316.90</u>
812.50				20,610.23 1,801.70 6,030.92 5,920.79 7,309.87
			445,000.00 229,085.00	445,000.00 229,085.00
<u>812.50</u>			<u>674,085.00</u>	<u>715,758.51</u>
<u>164,780.27</u>	<u>7,922.26</u>	<u>1,721.45</u>	<u>(674,085.00)</u>	<u>287,558.39</u>
365,102.27	17,170.83			649,951.24 (19,755.81) (65,022.00)
(5,052.00)	(2,523.00)		674,085.00	(135,363.77) (45,875.88) (140,038.98) (67,590.18) (171,500.00) (550,256.16) (73,530.00) (1,000.00)
(140,038.98)	(10,020.00)			
(312,244.70) (73,530.00) (1,000.00)				
<u>(166,763.41)</u>	<u>4,627.83</u>		<u>674,085.00</u>	<u>(619,981.54)</u>
(1,983.14)	12,550.09	1,721.45		(332,423.15)
<u>(194,424.13)</u>	<u>24,693.89</u>	<u>116,202.59</u>		<u>2,292,248.02</u>
\$ <u>(196,407.27)</u>	\$ <u>37,243.98</u>	\$ <u>117,924.04</u>	\$	\$ <u>1,959,824.87</u>

**TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND  
REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN**  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004

Net changes in fund balances-total governmental funds	\$ (332,423.15)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures however, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Expenditures for capital assets	
Less: current year depreciation	(166,093.78)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	
Accrued interest	1,780.00
Principal payments	445,000.00
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Amortization of current year bond discount	<u>(5,730.00)</u>
Change in net assets of governmental activities	<u>\$ (57,466.93)</u>

See accompanying notes to financial statements.

**TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND  
REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**BUDGET AND ACTUAL**

**GENERAL OPERATIONS - TIFA #1**

**FOR THE YEAR ENDED JUNE 30, 2004**

	BUDGETED AMOUNTS			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Property taxes	\$ 602,464.82	\$ 602,464.82	\$ 724,263.02	\$ 121,798.20
Interest earnings	9,000.00	9,000.00	11,242.11	2,242.11
TOTAL REVENUES	611,464.82	611,464.82	735,505.13	124,040.31
EXPENDITURES				
Administration/attorney/audit	16,500.00	16,500.00	19,797.73	(3,297.73)
Repairs and maintenance			430.00	(430.00)
Park maintenance/landscaping	900.00	900.00		900.00
Planning for future projects	502,932.14	438,153.14		438,153.14
TOTAL EXPENDITURES	520,332.14	455,553.14	20,227.73	435,325.41
EXCESS OF REVENUES OVER EXPENDITURES	91,132.68	155,911.68	715,277.40	559,365.72
OTHER FINANCING SOURCES (USES)				
Summer property taxes	338,025.73	338,025.73	207,326.73	(130,699.00)
Community Center	(744,548.00)	(809,327.00)	(809,448.77)	(121.77)
Optomist/Community soccer field	(171,500.00)	(171,500.00)	(171,500.00)	
City administration fee	(40,392.00)	(40,392.00)	(40,392.00)	
McCormick	(52,557.56)	(52,557.56)	(13,793.03)	38,764.53
Saginaw-Genessee				
M-24/Demille intersection improvement	(168,452.00)	(168,452.00)	(134,764.67)	33,687.33
TOTAL OTHER FINANCING SOURCES (USES)	(839,423.83)	(904,202.83)	(962,571.74)	(58,368.91)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(748,291.15)	(748,291.15)	(247,294.34)	500,996.81
FUND BALANCE, JULY 1	1,731,615.77	1,731,615.77	1,731,615.77	
FUND BALANCE, JUNE 30	\$ 983,324.62	\$ 983,324.62	\$ 1,484,321.43	\$ 500,996.81

See accompanying notes to financial statements.

**TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND  
REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**BUDGET AND ACTUAL**

**GENERAL OPERATIONS - TIFA #2**

FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Property taxes	\$ 26,804.89	\$ 26,804.89	\$ 27,268.33	\$ 463.44
Interest earnings	<u>2,000.00</u>	<u>2,000.00</u>	<u>1,021.63</u>	<u>(978.37)</u>
TOTAL REVENUES	<u>28,804.89</u>	<u>28,804.89</u>	<u>28,289.96</u>	<u>(514.93)</u>
EXPENDITURES				
Administration/attorney/audit	<u>1,000.00</u>	<u>1,000.00</u>		<u>1,000.00</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>27,804.89</u>	<u>27,804.89</u>	<u>28,289.96</u>	<u>485.07</u>
OTHER FINANCING SOURCES (USES)				
Summer Property taxes	59,726.38	59,726.38	60,351.41	625.03
City administration fee	(17,055.00)	(17,055.00)	(17,055.00)	
McCormick	(47,391.07)	(47,391.07)	(32,082.85)	15,308.22
M-24/Demille intersection improvement	(96,217.14)	(96,217.14)	(103,246.79)	(7,029.65)
Depot historic preservation	(72,255.00)	(72,255.00)	(19,755.81)	52,499.19
Parks building	<u>(60,000.00)</u>	<u>(60,000.00)</u>	<u>(57,570.18)</u>	<u>2,429.82</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(233,191.83)</u>	<u>(233,191.83)</u>	<u>(169,359.22)</u>	<u>63,832.61</u>
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(205,386.94)	(205,386.94)	(141,069.26)	64,317.68
FUND BALANCE, JULY 1	<u>205,850.99</u>	<u>205,850.99</u>	<u>205,850.99</u>	
FUND BALANCE, JUNE 30	\$ <u><u>464.05</u></u>	\$ <u><u>464.05</u></u>	\$ <u><u>64,781.73</u></u>	\$ <u><u>64,317.68</u></u>

See accompanying notes to financial statements.

**TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND  
REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**BUDGET AND ACTUAL**

**GENERAL OPERATIONS - TIFA #3  
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Property taxes	\$ 163,863.89	\$ 163,863.89	\$ 164,111.91	\$ 248.02
Interest earnings	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,480.86</u>	<u>480.86</u>
TOTAL REVENUES	<u>164,863.89</u>	<u>164,863.89</u>	<u>165,592.77</u>	<u>728.88</u>
EXPENDITURES				
Administration/attorney/audit	<u>5,000.00</u>	<u>5,000.00</u>	<u>812.50</u>	<u>4,187.50</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>159,863.89</u>	<u>159,863.89</u>	<u>164,780.27</u>	<u>4,916.38</u>
OTHER FINANCING SOURCES (USES)				
Summer property taxes	365,119.84	365,119.84	365,102.27	(17.57)
M-24/DeMille intersection			(312,244.70)	(312,244.70)
City administration fee	(5,052.00)	(5,052.00)	(5,052.00)	
Oakdale operations	(137,736.00)	(137,736.00)	(140,038.98)	(2,302.98)
Prairies and Ponds		(73,530.00)	(73,530.00)	
Planning for future projects	(29,184.51)			
DeMille/Millville wetland	(5,500.00)	(5,500.00)		5,500.00
Roof replacement	(26,816.00)	(26,816.00)		26,816.00
DeMille Millville land use	<u>(445,000.00)</u>	<u>(400,654.51)</u>	<u>(1,000.00)</u>	<u>399,654.51</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(284,168.67)</u>	<u>(284,168.67)</u>	<u>(166,763.41)</u>	<u>117,405.26</u>
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(124,304.78)	(124,304.78)	(1,983.14)	122,321.64
FUND BALANCE, JULY 1	<u>(194,424.13)</u>	<u>(194,424.13)</u>	<u>(194,424.13)</u>	
FUND BALANCE, JUNE 30	\$ <u><u>(318,728.91)</u></u>	\$ <u><u>(318,728.91)</u></u>	\$ <u><u>(196,407.27)</u></u>	\$ <u><u>122,321.64</u></u>

See accompanying notes to financial statements.



**TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND  
REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL OPERATIONS - TIFA #4

FOR THE YEAR ENDED JUNE 30, 2004

	BUDGETED AMOUNTS			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Property taxes	\$ 7,706.40	\$ 7,706.40	\$ 7,713.71	\$ 7.31
Interest earnings	<u>275.00</u>	<u>275.00</u>	<u>208.55</u>	<u>(66.45)</u>
TOTAL REVENUES	<u>7,981.40</u>	<u>7,981.40</u>	<u>7,922.26</u>	<u>(59.14)</u>
EXPENDITURES				
Planning for future projects	<u>26,266.12</u>	<u>26,266.12</u>		<u>26,266.12</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(18,284.72)</u>	<u>(18,284.72)</u>	<u>7,922.26</u>	<u>26,206.98</u>
OTHER FINANCING SOURCES (USES)				
Summer property taxes	17,171.31	17,171.31	17,170.83	(0.48)
Tennis court repair				
City administration fee	(2,523.00)	(2,523.00)	(2,523.00)	
Park improvements	<u>(11,000.00)</u>	<u>(11,000.00)</u>	<u>(10,020.00)</u>	<u>980.00</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,648.31</u>	<u>3,648.31</u>	<u>4,627.83</u>	<u>979.52</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(14,636.41)	(14,636.41)	12,550.09	27,186.50
FUND BALANCE, JULY 1	<u>24,693.89</u>	<u>24,693.89</u>	<u>24,693.89</u>	
FUND BALANCE, JUNE 30	<u>\$ 10,057.48</u>	<u>\$ 10,057.48</u>	<u>\$ 37,243.98</u>	<u>\$ 27,186.50</u>

See accompanying notes to financial statements.

**TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND  
REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2004

**NOTE 1: REPORTING ENTITY**

In accordance with the criteria established by the National Council on Governmental Accounting (NCGA) Statement 3, the Tax Increment Finance Authorities #1, #2, #3, #4, Trust and Revolving Loan Fund are considered component units of the City of Lapeer, Michigan for financial accounting and reporting purposes. These criteria include: the extent of oversight responsibility, selection of governing authority, designation of management, the ability of the City to significantly influence operations, the accountability for fiscal matters including the level of City financing and/or moral and legal responsibility for long-term debt.

The financial statements of the Tax Increment Finance Authorities #1, #2, #3, #4, Trust and Revolving Loan Fund are presented as the financial statements of funds which are an integral part of the financial reporting oversight unit of the City of Lapeer, Michigan.

The Tax Increment Finance Authorities (T.I.F.A.) and Revolving Loan Fund were established by the Lapeer City Commission in accordance with Act 450 of P.A. 1980, as follows:

AUTHORITY	DATE ESTABLISHED
T.I.F.A. #1	April 19, 1982
T.I.F.A. #2	April 18, 1983
T.I.F.A. #3	May 21, 1984
T.I.F.A. #4	April 8, 1985
T.I.F.A. Trust	March 30, 1987
Revolving Loan	February 4, 1993

The Lapeer City Commission designated the members of the Lapeer City Tax Increment Finance Authorities #1, #2, #3, #4, Trust, and Revolving Loan Fund Board of Directors to constitute the Board of the Tax Increment Finance Authority (T.I.F.A.), and Revolving Loan.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Tax Increment Finance Authorities #1, #2, #3, #4, Trust and Revolving Loan Fund conform to U.S. generally accepted accounting principles as applicable to governmental units. The summary of the more significant accounting policies are presented to assist the reader in interpreting the financial statements and other data in this report.

**A. Government-Wide and Fund Financial Statement**

The government-wide financial statement (i.e. the statements of net assets and the statement of changes in net assets) reports information on all of the nonfiduciary activities of the Tax Increment Finance Authorities #1, #2, #3, #4, Trust and Revolving Loan Fund of the City of Lapeer. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND  
REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS - Continued**

JUNE 30, 2004

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Measurement Focus, Basis of Accounting and Financial Statements**

The government-wide financial statement is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Governmental fund financial statement is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources. First, unrestricted resources are used as they are needed.

**C. Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**D. Receivables**

Receivables have been recognized for all significant amounts due the Authority. No allowances have been made for uncollectible amounts.

**E. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City of Lapeer as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

**TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND  
REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2004

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Concluded**

**E. Capital Assets - Concluded**

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

ASSET CLASS	DEPRECIABLE LIFE
Land	n/a
Land improvements	10-20 years
Buildings	10-40 years
Equipment	5-20 years
Vehicles	3-10 years

**F. Long-Term Liabilities**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuances costs, whether or not withheld from the actual debt received, are reported as debt service.

**NOTE 3: CASH AND INVESTMENTS**

Cash in bank of the Tax Increment Finance Authorities #1, #2, #3, #4 and Trust as of June 30, 2004 is as follows:

Cash in bank	\$ 1,049,033.81
Restricted cash and investments	<u>960,608.35</u>
<b>TOTAL</b>	<b>\$ <u>2,009,642.16</u></b>

State statutes authorize the City Treasurer to invest in obligations of the U.S. Treasury, agencies and instrumentalities; certificates of deposit, savings accounts, deposit accounts or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC); commercial paper rated in the three highest rate classifications of two rating services; United States government or federal agency obligation repurchase agreements; and mutual funds composed of investments which are legal for direct investment by local units of government in Michigan.

The Authority's investments (including those presented as cash) are categorized as follows to give an indication of the level of risk assumed by the Authority. Category 1 includes deposits and investments that are insured, registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the brokers' or dealers' trust department or agent in the Authority's name.

Category 1 (Insured)	\$ 419,651.47
Category 2 (Uninsured)	1,594,717.16

The Authority has adopted a formal investment policy as required by Act 20, P. A. 1943 as amended, that complies with State law.

**TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND  
REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2004

**NOTE 4: INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2004, are as follows:

FUND	DUE FROM	FUND	DUE TO
T.I.F.A. #1	\$ 724.12	General	\$ 3,384.49
T.I.F.A. #2	227.62		
T.I.F.A. #3	<u>2,432.75</u>		
Subtotal	<u>3,384.49</u>	Subtotal	<u>3,384.49</u>
TIFA #1	<u>268.35</u>	T.I.F.A. III	<u>268.35</u>
Major street	259,132.06	T.I.F.A. #1	31,396.72
		T.I.F.A. #2	98.28
		T.I.F.A. #3	<u>227,637.06</u>
Subtotal	<u>259,132.06</u>	Subtotal	<u>259,132.06</u>
Park fund	<u>5,458.31</u>	T.I.F.A. #2	<u>5,458.31</u>
Oakdale	<u>5,173.70</u>	T.I.F.A. #3	<u>5,173.70</u>
T.I.F.A. #3	<u>2,543.27</u>	Capital improvements	<u>2,543.27</u>
TOTAL	\$ <u>275,960.18</u>	TOTAL	\$ <u>275,960.18</u>

**NOTE 5: OPERATING TRANSFERS**

The following are the operating transfers for the year ended June 30, 2004:

FUND	TRANSFER IN	FUND	TRANSFER OUT
Major Street	\$ 596,132.04	T.I.F.A. #1	\$ 148,557.70
		T.I.F.A. #2	135,329.64
		T.I.F.A. #3	<u>312,244.70</u>
Subtotal	<u>596,132.04</u>	Subtotal	<u>596,132.04</u>
Park fund	296,239.76	T.I.F.A. #1	135,363.77
		T.I.F.A. #2	77,325.99
		T.I.F.A. #3	73,530.00
		T.I.F.A. #4	<u>10,020.00</u>
Subtotal	<u>296,239.76</u>	Subtotal	<u>296,239.76</u>
Oakdale	<u>140,038.98</u>	T.I.F.A. #3	<u>140,038.98</u>
Capital improvement	<u>1,000.00</u>	T.I.F.A. #3	<u>1,000.00</u>
Land acquisition	<u>171,500.00</u>	T.I.F.A. #1	<u>171,500.00</u>

**TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND  
REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2004

**NOTE 5: OPERATING TRANSFERS - Concluded**

FUND	TRANSFER IN	FUND	TRANSFER OUT
T.I.F.A. #1	\$ 207,326.73	General Fund	\$ 649,951.24
T.I.F.A. #2	60,351.41		
T.I.F.A. #3	365,102.27		
T.I.F.A. #4	<u>17,170.83</u>		
Subtotal	<u>649,951.24</u>	Subtotal	<u>649,951.24</u>
General	65,022.00	T.I.F.A. #1	40,392.00
		T.I.F.A. #2	17,055.00
		T.I.F.A. #3	5,052.00
		T.I.F.A. #4	<u>2,523.00</u>
Subtotal	<u>65,022.00</u>	Subtotal	<u>65,022.00</u>
TOTAL	<u>\$ 1,919,884.02</u>	TOTAL	<u>\$ 1,919,884.02</u>

**NOTE 6: CAPITAL ASSETS**

A summary of changes in the Authority's capital assets is as follows:

	BALANCE 7-01-03	ADDITIONS	DELETIONS	BALANCE 6-30-04
Capital assets not being depreciated				
Land	\$ <u>14,400.00</u>	\$ _____	\$ _____	\$ <u>14,400.00</u>
Capital assets being depreciated				
Buildings	6,642,350.46			6,642,350.46
Equipment	<u>700.00</u>	_____	_____	<u>700.00</u>
Total capital assets being depreciated	<u>6,643,050.46</u>	_____	_____	<u>6,643,050.46</u>
Less: Accumulated depreciation				
Buildings	1,666,123.51	166,058.78		1,832,182.29
Equipment	<u>350.19</u>	<u>35.00</u>		<u>385.19</u>
Total accumulated depreciation	<u>1,666,473.70</u>	<u>166,093.78</u>		<u>1,832,567.48</u>
Total capital assets being depreciated, net	<u>4,976,576.76</u>	( <u>166,093.78</u> )		<u>4,810,482.98</u>
Total Capital assets	<u>\$4,990,976.76</u>	<u>\$ ( 166,093.78 )</u>	<u>\$ _____</u>	<u>\$4,824,882.98</u>

**TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND  
REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS - Concluded

JUNE 30, 2004

**NOTE 7: LONG-TERM OBLIGATIONS**

Long-term obligations of the Authority are as follows:

	BEGINNING	REDUCTIONS	BALANCE
\$5,730,000 1998 tax increment revenue refunding bond due in annual installments of \$275,000 to \$575,000 through June 1, 2012, interest at 4.50% to 5.50%	\$ <u>4,325,000.00</u>	\$ <u>445,000.00</u>	\$ <u>3,880,000.00</u>

The annual requirement to pay principal and interest on obligations outstanding at June 30, 2004 are as follows:

YEAR ENDING JUNE 30,	GENERAL OBLIGATION
2005	\$ 707,725.00
2006	718,225.00
2007	731,475.00
2008	589,850.00
2009	539,275.00
2010	535,075.00
2011	524,775.00
Thereafter	<u>453,650.00</u>
<b>TOTAL</b>	<b>\$ <u>4,800,050.00</u></b>

SUPPLEMENTARY INFORMATION



# Layton & Richardson, P.C.

Certified Public Accountants

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Commissioners  
City of Lapeer  
Lapeer, Michigan

We have audited the general purpose financial statements of the TAX INCREMENT FINANCE AUTHORITIES #1, #2, #3, #4, TRUST AND REVOLVING LOAN FUND OF THE CITY OF LAPEER, MICHIGAN, as of and for the year ended June 30, 2004, and have issued our report thereon dated October 18, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Tax Increment Finance Authorities #1, #2, #3, #4, Trust and Revolving Loan Fund of the City of Lapeer's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Tax Increment Finance Authorities #1, #2, #3, #4, Trust and Revolving Loan Fund of the City of Lapeer's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the City Commissioners, management, and State and Federal Agencies. However, this report is a matter of public record and its distribution is not limited.

*Layton & Richardson, P.C.*  
Certified Public Accountant

East Lansing, Michigan  
October 18, 2004

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# Layton & Richardson, P.C.

Certified Public Accountants

## LETTER OF COMMENTS AND RECOMMENDATIONS

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Honorable Mayor and City Commission  
City of Lapeer  
Lapeer, Michigan

We have audited the financial statements of the Tax Increment Finance Authorities #1, #2, #3, #4, Trust and Revolving Loan Fund of the City of Lapeer, Michigan for the year ended June 30, 2004 and have issued our report on those statements. As part of our audit, we made a study and evaluation of the Authorities' system of internal accounting controls to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Accordingly, we do not express an opinion on the system of internal accounting control taken as a whole.

The management of the Authorities is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all weaknesses in the system. However, our examination disclosed the following condition that we believe results in a risk that errors or irregularities in amounts that would be material in relation to the financial statements of the Authorities may occur and not be detected within a timely period.

### Segregation of Duties

Segregation of duties is an arrangement of responsibilities such that the work of one employee serves as a check on the work of others. The least desirable situation is one in which a single employee is responsible for an entire accounting process from the origin of each transaction to the ultimate posting in the general ledger. This situation enhances the likelihood that intentional or unintentional errors will occur and remain undetected.

Because it is often difficult in a small governmental unit to segregate accounting duties, alternative controls should be implemented to compensate for lack of a segregation of duties. Such controls as management supervision are an effective means of improving control and reducing the risk of error without incurring additional cost.

We appreciate the cooperation and assistance provided to us by the management and staff of the Tax Increment Finance Authorities #1, #2, #3, #4, Trust and Revolving Loan Fund of the City of Lapeer during the audit and we thank them.

Very truly yours,

*Layton & Richardson, P.C.*  
Certified Public Accountants

East Lansing, Michigan  
October 18, 2004

CONTINUING DISCLOSURE COMPLIANCE

# **TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**

SEV AND CAPTURED AD VALOREM TAXABLE VALUE OF THE TIFA DISTRICT #1'S AD VALOREM TAX ROLL

FISCAL YEARS ENDING AS OF JUNE 30

ASSESSED VALUE AS OF DECEMBER 31	YEAR OF STATE EQUILIZATION AND TAX LEVY	CITY'S FISCAL YEAR ENDING JUNE 30	AD VALOREM TAXABLE VALUE		CAPTURED AD VALOREM TAXABLE VALUE	
			AMOUNT	PERCENT CHANGE	AMOUNT	PERCENT CHANGE
2002	2003	2004	\$ 23,439,040.00	-1.44%	\$ 19,742,340.00	-1.71%
2001	2002	2003	23,781,736.00	9.61%	20,085,036.00	11.59%
2000	2001	2002	21,696,450.00	3.94%	17,999,750.00	4.79%
1999	2000	2001	20,874,336.00	19.21%	17,177,636.00	24.36%
1998	1999	2000	17,509,826.00	6.28%	13,813,126.00	8.10%
1997	1998	1999	16,475,379.00	14.22%	12,778,679.00	19.11%
1996	1997	1998	14,424,776.00	15.16%	10,728,076.00	21.50%
1995	1996	1997	12,526,190.00	4.67%	8,829,490.00	6.75%
1994	1995	1996	11,967,813.00	5.76%	8,271,113.00	8.55%
1993	1994	1995	11,316,500.00	4.98%	7,619,800.00	7.57%

**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**  
**CAPTURED TAXABLE VALUE OF THE TIFA DISTRICT #1'S AD VALOREM TAX ROLL**  
**BY USE AND CLASS**  
**FISCAL YEARS ENDING AS OF JUNE 30**

Use	2004	2003	2002	2001	2000	1999
Homestead (1)						
Residential \$	200,820.00	\$ 206,156.00	\$ 196,812.00	\$ 165,422.00	\$ 160,855.00	\$ 149,711.00
Non-Homestead						
Residential	160,618.00	20,146.00	18,898.00	36,127.00	35,137.00	59,884.00
Commercial	2,587,673.00	3,103,002.00	2,179,910.00	2,027,386.00	1,601,499.00	1,550,835.00
Industrial	16,793,229.00	16,755,732.00	15,604,130.00	14,948,701.00	12,015,635.00	11,018,249.00
Class						
Real Property	9,220,540.00	8,647,736.00	7,781,550.00	7,681,059.00	6,292,751.00	5,905,904.00
Personal Property	10,521,800.00	11,437,300.00	10,218,200.00	9,496,577.00	7,520,375.00	6,872,775.00

- (1) Homestead means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Homestead includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the homestead includes only 5 acres adjacent and contiguous to the home of the owner. Homestead includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. Non-homestead is property not included in the above definition.

**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**  
**CAPTURE TAXABLE VALUE OF THE TIFA DISTRICT #1'S AD VALOREM TAX ROLL**  
**BY USE AND CLASS AS A PERCENT OF TOTAL**  
**FISCAL YEARS ENDING AS OF JUNE 30**

USE	2004	2003	2002	2001	2000
Homestead (1)					
Residential	1.02%	1.03%	1.09%	0.96%	1.16%
Non-Homestead					
Residential	0.81%	0.10%	0.10%	0.21%	0.25%
Commercial	13.11%	15.45%	12.12%	11.81%	11.59%
Industrial	85.06%	83.42%	86.69%	87.02%	87.00%
CLASS					
Real Property	46.70%	43.06%	43.23%	44.72%	45.56%
Personal Property	53.30%	56.94%	56.77%	55.28%	54.44%

- (1) Homestead means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Homestead includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the homestead includes only 5 acres adjacent and contiguous to the home of the owner. Homestead includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. Non-homestead is property not included in the above definition.

**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER****TIFA DISTRICT #1****EXPIRATION OF NEW INDUSTRIAL FACILITY TAX ABATEMENTS****FOR THE PERIOD ENDING JUNE 30, 2003**

EXPIRATION DECEMBER 31	CAPTURED TAXABLE VALUE OF INDUSTRIAL FACILITY TAX ABATEMENTS (NEW PROPERTIES)
2003	\$ 1,241,300.00
2004	2,176,400.00
2005	69,800.00
2006	350,300.00
2007	185,500.00
2008	1,520,200.00
2009	1,748,400.00
2010	
2011	
2012	<u>591,500.00</u>
Total	\$ <u><u>7,883,400.00</u></u>

**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**  
**CAPTURED TAXABLE VALUE OF THE TIFA DISTRICT #1'S IFT TAX ROLL BY CLASS**  
**FISCAL YEARS ENDING JUNE 30**

CLASS	2004	2003	2002	2001	2000
Real Property	\$ 2,542,500.00	\$ 2,985,000.00	\$ 3,916,500.00	\$ 5,762,500.00	\$ 7,134,500.00
Personal Property	<u>5,340,900.00</u>	<u>6,738,600.00</u>	<u>7,793,800.00</u>	<u>11,511,900.00</u>	<u>12,498,900.00</u>
TOTAL	<u>\$ 7,883,400.00</u>	<u>\$ 9,723,600.00</u>	<u>\$ 11,710,300.00</u>	<u>\$ 17,274,400.00</u>	<u>\$ 19,633,400.00</u>



**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**

CAPTURED TAXABLE VALUE OF THE TIFA DISTRICT #1'S IFT TAX ROLL BY CLASS AS A PERCENT TOTAL  
FISCAL YEARS ENDING JUNE 30

CLASS	2004	2003	2002	2001	2000
Real Property	32.25%	30.70%	33.44%	33.36%	36.34%
Personal Property	<u>67.75%</u>	<u>69.30%</u>	<u>66.56%</u>	<u>66.64%</u>	<u>63.66%</u>
TOTAL	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>

## TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

## PROPERTY TAX COLLECTIONS

FISCAL YEAR ENDING JUNE 30

FISCAL YEAR ENDING JUNE 30,	NET CAPTURED TAX LEVY	COLLECTIONS TO MARCH 1 FOLLOWING LEVY	PERCENT COLLECTED	COLLECTIONS TO JUNE 30 FOLLOWING LEVY	PERCENT COLLECTED
2004	\$ 935,030.00	\$ 875,732.00	93.66%	\$ 934,740.00	99.97%
2003	960,383.00	927,057.00	96.53%	958,487.00	99.80%
2002	907,071.00	891,578.00	98.29%	907,071.00	100.00%
2001	887,821.00	870,554.00	98.06%	873,327.00	98.37%
2000	798,919.00	782,294.00	97.92%	798,911.00	100.00%
1999	752,953.00	737,301.00	97.92%	752,953.00	100.00%
1998	800,562.00	779,987.00	97.43%	800,562.00	100.00%
1997	752,534.00	727,434.00	96.66%	752,534.00	100.00%
1996	722,308.00	658,178.00	91.12%	722,308.00	100.00%
1995	683,238.00	619,968.00	90.74%	679,579.00	99.46%

**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**  
**CAPTURED PROPERTY TAX RATES IN THE TIFA DISTRICT #1**  
**FISCAL YEARS ENDING JUNE 30**

JULY 1 LEVY	FISCAL YEARS ENDING JUNE 30	CITY MILLAGE	LAPEER PUBLIC SCHOOLS MILLAGE	LAPEER INTERMEDIATE SCHOOLS MILLAGE	LAPEER COUNTY MILLAGE	STATE MILLAGE
2003	2004	8.7911	18.0000	3.0084	3.8941	5.0000
2002	2003	8.7911	18.0000	3.0467	3.9454	6.0000
2001	2002	8.7911	17.6280	3.0773	3.9901	6.0000
2000	2001	8.7911	17.8079	3.1189	4.0460	6.0000
1999	2000	8.7911	17.8884	3.1605	4.0977	6.0000
1998	1999	8.7911	18.0000	3.1978	4.0405	6.0000
1997	1998	8.7911	18.0000	3.2223	4.0710	6.0000
1996	1997	8.7911	18.0000	3.2268	4.1920	6.0000
1995	1996	8.7911	18.0000	3.2268	4.1923	6.0000
1994	1995	8.7911	18.0000	3.2268	4.1923	6.0000

**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**  
**SEV OF THE LARGEST TAXPAYERS ON TIFA DISTRICT #1'S AD VALOREM TAX ROLL**  
**FISCAL YEAR ENDING JUNE 30, 2004**

TAXPAYER	PRODUCT OR SERVICE	TAXABLE VALUE	PERCENT OF TAXABLE VALUE
Carlisle Engineered Products	Plastic Auto Parts	\$ 2,354,800.00	9.90%
Albar Industries	Plastic Decorating & Auto	2,294,100.00	9.65%
Lapeer Metal Products	Metal Stampings	2,196,400.00	9.24%
Metokote Corporation	Plastic Auto Parts	2,115,700.00	8.90%
American Shower and Bath	Bath Fixtures	1,908,300.00	8.02%
Hunters Creek, MCH, LLC	Mobile Home Park	1,849,672.00	7.78%
Dott Industries	Chromeplating/Molding	1,847,800.00	7.77%
Lapeer Industries	Metal Machining & Fabricating	862,100.00	3.63%
ITW Foamseal	Foam Products	718,600.00	3.02%
Banc One Leasing Corp	Leasing Company	568,100.00	2.39%

**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**  
**SEV OF THE LARGEST TAXPAYERS ON TIFA DISTRICT #1'S IFT TAX ROLL**  
**FISCAL YEAR ENDING JUNE 30, 2004**

TAXPAYER	PRODUCT OR SERVICE	TAXABLE VALUE	PERCENT OF TAXABLE VALUE
Carlisle Engineered Products	Automotive Design	\$ 2,583,500.00	22.06%
Dott Industries, Inc.	Chromeplating/Molding	2,041,800.00	17.44%
American Shower and Bath	Bath Fixtures	1,748,400.00	14.93%
Lapeer Industries, Inc.	Metal Machining & Fabricating	626,400.00	5.35%
Testing Services Group, LLC	Manufacture & Testing Fuel Sys.	591,500.00	5.05%
Micro Filtration, Inc.	Filter Products	91,000.00	0.78%
Allsons, Inc.	Custom Die Punches	90,300.00	0.77%
S.J. Chain & Wire Rope, Inc.	Chain, wire rope & fittings, hoists, chain, special lifting fixture fabrication	70,000.00	0.60%
P&P Manufacturing	Pneumatic Parts & Air Tools	21,100.00	0.19%
Lesley Elizabeth	Gourmet Food Production/Processing	18,400.00	0.16%

## TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

## FIFTEEN LARGEST EMPLOYERS IN TIFA DISTRICT #1

FISCAL YEAR ENDING JUNE 30, 2004

COMPANY	PRODUCT OR SERVICE	APPROXIMATE NUMBER OF EMPLOYEES
Dott Industries/Deco Plate	Automotive Industry	775
Lapeer Metal Products	Metal Stamping and assemblies	361
Albar Industries, Inc.	Automotive Decorating	256
Carlisle Engineered Products	Automotive Design	210
Metokote Corp.	Electrostatic painting of small metal car parts	170
American Shower and Bath	Vacuum Forming Bath Products	117
Lapeer Industries, Inc.	Machining and Fabrication of Metal	54
Webco Press	Printing	44
Testing Services Group	Testing & Engineering of Fuel Systems	32
Foamseal, Inc.	Foam products	29
P & P Manufacturing	Pneumatic Parts & Air Tools	25
Leslie-Elizabeth	Gourmet Food Production/Processing	22
Motion Machine, Inc.	Manufacturing of Industrial Machining and Automotated Equipment	21
Blue Water Printing	Printing	8

**TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER**  
**ELIGIBLE OBLIGATIONS, ELIGIBLE ADVANCES AND OTHER OBLIGATIONS**  
**SUPPORTED BY TAX INCREMENT REVENUES OF TIFA DISTRICT #1**  
**FISCAL YEAR ENDING JUNE 30, 2004**

DESCRIPTION	(1) ELIGIBLE OBLIGATIONS	(1) ELIGIBLE ADVANCES	(2) OTHER OBLIGATIONS
1998 TIFA Revenue Refunding Bond-Debt Service (3)	\$ 674,085.00	\$	\$ 171,500.00
Soccer Field Land Purchase			134,764.67
M-24/Demille Intersection Improvement			112,542.00
Community Center Operations			29,834.82
Saginaw Street (S. Elm to South City Limits)			22,006.59
Community Center Equipment			13,793.03
McCormick Street Extension Project			

(1) These obligations are eligible for the capture of Local School, Intermediate School, and State Education millages in an amount not to exceed the total of the eligible obligations. If Local School, Intermediate School, and State Education millages are insufficient, the TIFA district would then utilize the captured millages from the City and County millages. Once these obligations have been fully paid, the TIFA district will no longer capture Local School, Intermediate School, or State Education millages.

(2) These obligations are only funded from the capture of City and County millages.

(3) This obligation refunded the 1992 TIFA Revenue Bond. Bond proceeds less issuance cost together with other funds were deposited in an escrow fund ("TIFA Escrow Fund") held by First of America Bank, N.A., Birmingham, Michigan. ("Escrow Agent"), pursuant to an escrow agreement between the TIFA and the TIFA Escrow Agent ("TIFA Escrow Agreement") and used to purchase Government Obligations. The 1992 TIFA Revenue Bonds were called and defeased on June 1, 2002.

## TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

## LISTING OF IFT CERTIFICATES

2002 TAX YEAR

CERTIFICATE	TAXPAYER	REAL	PERSONAL	TOTAL	EXPIRES
90-649	Carlisle Engineered Products	\$	\$ 100.00	\$ 100.00	2003
91-253	Dott Industries Inc	294,000.00	251,900.00	545,900.00	2003
91-351	Micro Filtration Inc	91,000.00		91,000.00	2003
91-352	Carlisle Engineered Products		604,300.00	604,300.00	2003
92-298	Dott Industries Inc	260,000.00		260,000.00	2006
92-299	Allsons Inc	69,500.00	20,800.00	90,300.00	2006
93-123	Lapeer Industries Inc	23,000.00	46,800.00	69,800.00	2005
95-075	Lapeer Industries Inc	36,500.00	149,000.00	185,500.00	2007
95-221	Dott Industries Inc	427,000.00	808,900.00	1,235,900.00	2008
96-010	SJ Chain & Wire Rope, Inc	70,000.00		70,000.00	2008
96-754	American Shower & Bath	980,000.00	768,400.00	1,748,400.00	2009
97-448	P & P Manufacturing		22,100.00	22,100.00	2004
98-364	Lapeer Industries Inc		175,200.00	175,200.00	2004
98-365	Carlisle Engineered Products		1,979,100.00	1,979,100.00	2004
99-126	Millennium Teknik	291,500.00	300,000.00	591,500.00	2012
2002-091	Lesley Elizbeth		18,400.00	18,400.00	2008
2002-092	Lapeer Industries Inc		195,900.00	195,900.00	2008
	TOTAL	\$ 2,542,500.00	\$ 5,340,900.00	\$ 7,883,400.00	